

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the April 2007 to the July 2007 *Idaho Economic Forecast*. The April 2007 *Idaho Forecast* is based on Global Insight's April 2007 baseline forecast and the July 2007 *Idaho Forecast* is driven by Global Insight's July 2007 baseline U.S. macroeconomic forecast.

A comparison of several key variables shows how the outlooks for the national and state economies have changed compared to the April 2007 *Idaho Economic Forecast*. The national variables are discussed first. In general, the U.S. economic outlook has improved marginally since the last report. The most notable increase is in real personal income. As the table shows, inflation-adjusted personal income is at least 0.4% higher in this forecast compared to the last one. One of the reasons for this gain is the higher interest rates that boost the dividends, interest, and rent component of total personal income. Employment is slightly higher in this forecast, with most of the difference in the goods-producing sector. This sector's employment is at least 0.5% above its April 2007 counterpart in each year. On the other hand, nongoods-producing employment is virtually unchanged. Another measure showing little change from its previous iteration is real output. The only noticeable difference is in 2010, when it is 0.3 percent lower than in the April 2007 forecast.

Idaho nonfarm employment has been reduced slightly from the previous forecast. Specifically, it is expected to be about 0.6% lower in each year (after 2007) than had been previously forecast, so that by 2010 there are about 3,900 fewer jobs (0.6%). Both the goods- and nongoods-producing sectors' payrolls are lower than in the previous forecast. The former is down an average of over 1.0% beginning in 2008 and just over 1,200 jobs by 2010. This drop is largely due to the Micron Technology layoff which is reflected in this forecast but not in the April 2007 forecast. Nongoods-producing employment is projected to be down about 2,700 jobs from the previous forecast in 2010. The lower employment outlook reduces Idaho personal income prospects. Nominal personal income is forecast to be about 0.1% lower in each year and real personal income is anticipated to be down about 0.2% annually.

**IDAHO ECONOMIC FORECAST
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DIFFERENCES BETWEEN
JULY 2007 AND APRIL 2007 FORECASTS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
U.S. GDP (BILLIONS)										
Current \$	0	0	0	0	0	0	3	16	11	-41
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	-0.3%
2000 Chain-Weighted	0	0	0	0	0	0	5	7	-3	-40
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	-0.3%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	0	0	0	0	0	252	37	-107	-86	-36
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.1%	-0.2%	-0.2%	-0.1%
U.S. (Billions)	0	0	0	0	0	8	70	101	106	83
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.6%	0.8%	0.8%	0.6%
PERSONAL INCOME - 2000 \$										
Idaho (Millions)	0	0	0	0	0	219	-64	-156	-70	15
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	-0.2%	-0.4%	-0.2%	0.0%
U.S. (Billions)	0	0	0	0	0	7	36	69	87	78
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.4%	0.7%	0.8%	0.7%
TOTAL NONFARM EMPLOYMENT										
Idaho	1	-2	3	5	15	-875	587	-3,806	-4,546	-3,913
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.1%	-0.6%	-0.7%	-0.6%
U.S. (Thousands)	0	0	0	0	0	0	143	254	274	158
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.2%	0.1%
GOODS PRODUCING SECTOR										
Idaho	2	2	3	8	9	30	935	-1,261	-1,576	-1,226
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	-1.1%	-1.3%	-1.0%
U.S. (Thousands)	0	0	0	0	0	0	106	164	183	167
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.7%	0.8%	0.8%
NONGOODS PRODUCING SECTOR										
Idaho	-1	-4	-1	-3	6	-906	-348	-2,545	-2,970	-2,687
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.1%	-0.5%	-0.5%	-0.5%
U.S. (Thousands)	0	0	0	0	0	0	38	90	91	-9
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%
FINANCIAL MARKETS										
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.3%	0.2%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.3%	0.3%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%	0.1%	0.2%
INFLATION										
GDP Price Deflator	0.000	0.000	0.000	0.000	0.000	0.000	-0.020	0.064	0.119	0.068
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.000	0.000	0.281	0.190	-0.004	-0.118
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.000	0.007	0.005	0.002	0.000

Forecast Begins the SECOND Quarter of 2007